

GENERAL FUND DEBT SERVICE

Debt service expenditures in the general fund for FY 2003-04 are as follows:

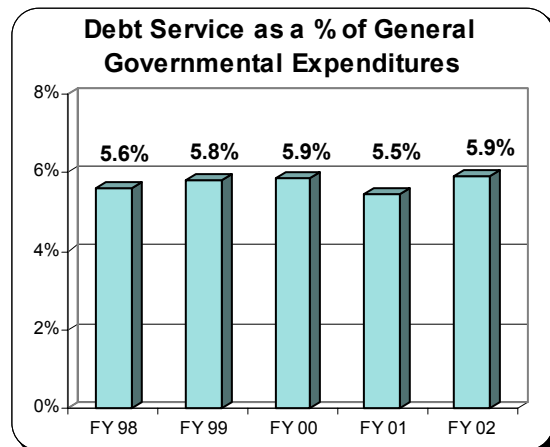
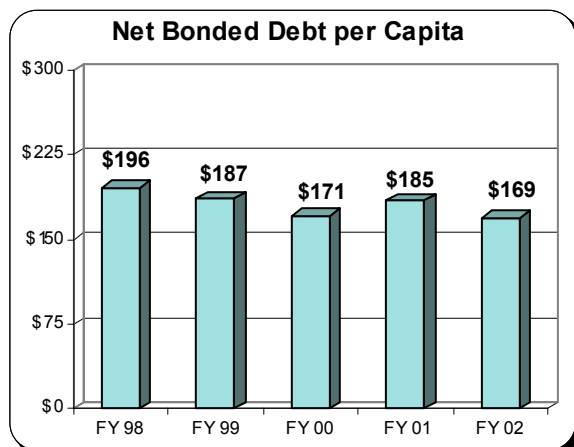
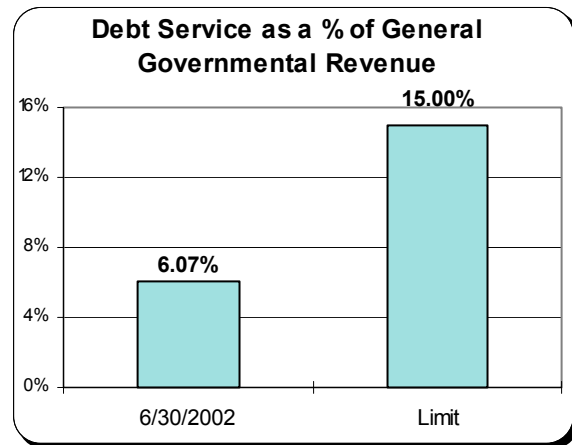
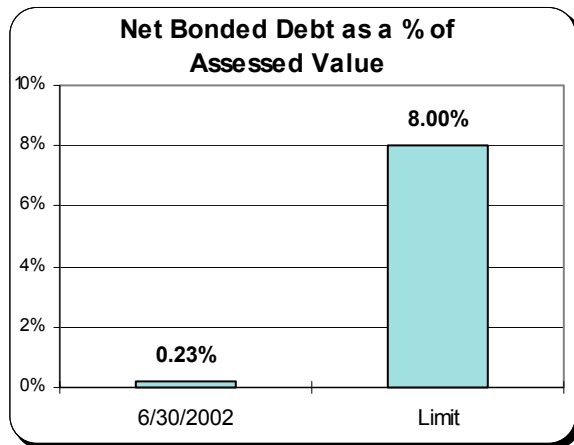
BUDGET SUMMARY	Adopted 2003/04
<u>General Obligation Bonds:</u>	
1993C Refunding Bonds	858,650
1993 Street and Sidewalk Series A	105,810
1993 Street and Sidewalk Series B	47,220
1999 Refunding Bonds	667,212
G/O Refunding 2000	<u>185,050</u>
Total General Obligation Bonds	1,863,942
<u>Certificates of Participation:</u>	
1997A Municipal Bldg	1,130,360
1989 Facilities Lease	356,409
1997B Refunding Public Works	429,827
2004 Fire Station 6 (New)	<u>200,000</u>
Total Certificates of Participation	2,116,596
<u>Other Debt:</u>	
Royal Pines Property	185,700
Azalea Rd Property	293,502
MSD Reimbursement	<u>91,000</u>
Total Other Debt Service	570,202
<u>Equipment Lease-Purchases:</u>	
1997 Pumper Fire Truck	25,617
1999 Fire Truck/Trash Cans	62,654
1999 Fire Truck/Auto-Reach	51,776
1999 Bulldozer	14,098
2002 Fire Engines	102,000
2002 Auto-Reach/Trash Cans/Radios	260,696
2003 Automated Garbage Equipment	186,800
2003 Fire Aerial Ladder	115,000
2003 Radio Replacement	60,000
2004 Automated Garbage Equipment (New)	135,300
2004 Fire Engine (New)	57,000
2004 Radio Microwave (New)	<u>95,000</u>
Total Equipment Lease-Purchases	1,165,941
TOTAL GENERAL FUND DEBT SERVICE	5,716,681

DEBT MANAGEMENT

The objective of the City of Asheville debt management policy is to maintain the City's ability to incur present and future debt at the most beneficial interest rates without adversely affecting the City's ability to finance essential City services.

Policy Statements:

- Capital projects financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project.
- The general obligation debt of the City of Asheville will not exceed 8% of the assessed valuation of the taxable property of the City.
- Total debt service on tax-supported debt of the City will not exceed 15% of total general government operating revenue.
- Interest, operating, and/or maintenance expenses will be capitalized only for facilities of enterprise activities and will be strictly limited to those expenses incurred prior to actual operation of the facilities.
- The City will maintain its financial condition so as to maintain a minimum AA bond rating.
- The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.



DEBT MANAGEMENT

COMPUTATION OF LEGAL DEBT MARGIN DIRECT & OVERLAPPING BONDED DEBT AS OF JUNE 30, 2002

Legal Debt Margin Computation

Assessed value - January 1, 2001		<u>\$5,211,382,703</u>
Debt limit - Eight (8) percent of assessed value		416,910,616
Gross general debt:		
Outstanding general obligation bonds	24,400,000	
Less statutory deductions:		
Bonds applicable to self-supporting enterprise fund	<u>12,582,172</u>	<u>11,817,828</u>
Legal debt margin at June 30, 2002		<u><u>\$405,092,788</u></u>

Overlapping Debt - County of Buncombe

County assessed value - January 1, 2001	<u>\$13,885,901,587</u>
City valuation as a percent of County valuation (a)	<u><u>37.53%</u></u>

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
City of Asheville	\$11,817,828	100.00%	\$11,817,828
Overlapping:			
County of Buncombe	102,745,000	37.53%	38,560,199
Total	<u>\$114,562,828</u>		<u><u>\$50,378,027</u></u>

(a) Percentage of direct and overlapping debt is based on 2001 assessed valuation of Buncombe County as compared to the 2001 assessed valuation of the City of Asheville.

DEBT MANAGEMENT

OUTSTANDING GENERAL OBLIGATION BONDS AS OF JUNE 30, 2002

The City has issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities related to both general and proprietary activities. All general obligation bonds are backed by the full faith, credit and taxing power of the City. Principal and interest requirements are appropriated when due. General obligation bonds outstanding at June 30, 2002 are as follows:

	<u>Interest rates</u>	<u>Date issued</u>	<u>Date series matures</u>	<u>Amount of original issue</u>	<u>Balance outstanding June 30, 2002</u>
General Government:					
Street, sidewalk and storm drainage, Series 1993A	5.50-5.25%	7/1/1993	2/1/2013	1,300,000	870,000
Street, sidewalk and storm drainage, Series 1993B	5.00-5.25	7/1/1993	2/1/2013	500,000	365,000
General Obligation refunding bonds, Series 1993C	4.00-4.80	7/1/1993	6/1/2008	10,305,000	4,545,000
General Obligation refunding bonds, Series 1999	4.00-4.20	2/9/1999	6/1/2012	4,952,360	4,167,828
General Obligation refunding bonds, Series 2000	4.75-5.00	12/01/2000	12/01/2020	1,970,000	<u>1,870,000</u>
Total General Government					<u>11,817,828</u>
Enterprise Fund:					
Water - 1994	4.90-5.10	8/1/1994	6/1/2004	4,000,000	350,000
Water - 1995	5.40-6.40	6/1/1995	6/1/2011	3,000,000	1,950,000
Water - 1999	4.00-4.20	2/9/1999	6/1/2012	12,217,640	<u>10,282,172</u>
Total Enterprise Fund					<u>12,582,172</u>
Total Bonded Indebtedness					<u>\$24,400,000</u>

ANNUAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Annual debt service requirements to maturity for the City's general obligation bonds, including interest of \$2,515,826 for the enterprise fund and \$2,836,589 for the governmental funds, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Enterprise Funds</u>	<u>General Long-Term Debt Account Group</u>	<u>Total</u>
2003	2,235,980	1,864,850	4,100,830
2004	2,071,132	1,863,942	3,935,074
2005	1,934,226	1,840,854	3,775,080
2006	1,632,563	1,970,366	3,602,929
2007	1,561,022	1,878,898	3,439,920
Next 5 Years	5,663,075	4,081,082	9,744,157
Thereafter	--	<u>1,154,425</u>	<u>1,154,425</u>
Totals	<u>\$15,097,998</u>	<u>\$14,654,417</u>	<u>\$29,752,415</u>

DEBT MANAGEMENT

INSTALLMENT FINANCING CONTRACTS

The City has entered into various installment financing contracts with the Asheville Public Financing Corporation, a blended component unit, for renovation and construction of municipal facilities. These contracts were funded by the execution and delivery of Certificates of Participation and certain lease contracts. The outstanding contracts at June 30, 2002 are as follows:

	<u>Interest rates</u>	<u>Date issued</u>	<u>Date series matures</u>	<u>Amount of original issue</u>	<u>Balance outstanding June 30, 2002</u>
General Government:					
Facilities Lease 1989	4.95%	11/15/1989	6/30/2005	4,800,000	830,000
Certificates of Participation:					
Municipal Building Series 1997-A	4.00-5.13	11/01/1997	6/01/2018	14,045,000	12,165,000
Refunding Series 1997-B	4.00-5.00	11/01/1997	6/01/2011	3,480,000	<u>3,100,000</u>
					16,095,000
Enterprise Fund:					
Parking Services Series 1992	5.00-6.50	2/15/1992	2/01/2008	5,385,000	<u>2,935,000</u>
Total Installment Financing					<u>\$19,030,000</u>

ANNUAL DEBT SERVICE REQUIREMENTS – CERTIFICATES OF PARTICIPATION

Annual debt service requirements to maturity for the certificates of participation, including interest of \$702,885 for the enterprise fund and \$6,749,228 for the governmental funds, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Enterprise Funds</u>	<u>General Long-Term Debt Account Group</u>	<u>Total</u>
2003	605,360	1,912,857	2,518,217
2004	603,800	1,916,596	2,520,396
2005	605,200	1,741,950	2,347,150
2006	609,650	1,562,138	2,171,788
2007	606,825	1,562,437	2,169,262
Thereafter	<u>607,050</u>	<u>14,148,250</u>	<u>14,755,300</u>
Totals	<u>\$3,637,885</u>	<u>\$22,844,228</u>	<u>\$26,482,113</u>